

**Southfield Township  
Oakland County, Michigan**

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**Financial Report  
March 31, 2008  
with Supplemental Information**

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## **Introductory Section**

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# Southfield Township

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## List of Elected Officials

Supervisor

Phillip Schmitt

Clerk

Sharon Tischler

Treasurer

Janet Mooney

Trustees

Richard Holloway  
I. Jack Fahlen  
Mary Randolph T. Sax  
Robert Walsh

**Financial Section**

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## Independent Auditor's Report

Members of the Township Board  
Southfield Township  
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southfield Township, Michigan (Township) as of and for the year then ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Southfield Township, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Township Board  
Southfield Township

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The introductory section and other supplemental information as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplemental information have been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Plante & Moran, PLLC*

July 1, 2008



## **Management's Discussion and Analysis**

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# Southfield Township

## Management's Discussion and Analysis

As management of Southfield Township, we offer readers of Southfield Township's financial statements this narrative overview and analysis of the financial activities of Southfield Township for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

### Financial Highlights

- The assets of Southfield Township exceeded its liabilities at the close of the most recent fiscal year by \$1,655,811 (net assets).
- Of this amount, \$1,295,801 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$39,729.

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as trustee or agent for the benefit of those outside of the government.

### Governmental Activities

The following table shows in a condensed format, the current year's net assets and changes in net assets compared to the prior year:

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 1,392,421	\$1,348,119
Capital assets	306,258	287,997
Total assets	<u>1,698,679</u>	<u>1,636,116</u>
Current liabilities	<u>42,868</u>	<u>20,034</u>
Net assets:		
Invested in capital assets	306,258	287,997
Restricted	53,752	44,125
Unrestricted	<u>1,295,801</u>	<u>1,283,960</u>
Total net assets	<u>\$1,655,811</u>	<u>\$1,616,082</u>

# Southfield Township

## Management's Discussion and Analysis (Continued)

### Governmental Activities (Continued)

	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues:		
Charges for services	\$ 61,155	\$ 44,143
Capital grants and contributions	-	61,128
General revenues:		
Property taxes	570,409	603,463
Interest	84,255	82,354
State shared revenue	1,816	1,798
Loss on disposal of capital assets	-	(39)
Total revenues	<u>717,635</u>	<u>792,847</u>
Expenses:		
General government	<u>677,906</u>	<u>672,395</u>
Increase in net assets	39,729	120,452
Net assets – Beginning of year	<u>1,616,082</u>	<u>1,495,630</u>
Net assets – End of year	<u>\$1,655,811</u>	<u>\$1,616,082</u>

The governmental net assets increased 2 percent from a year ago - increased from \$1,616,082 to \$1,655,811. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations - increased by \$11,841 for the governmental activities. This represents an increase of approximately .5 percent. The current level of unrestricted net assets for our governmental activities stands at \$1,295,801 or about 191 percent of expenditures.

The Township's total governmental revenues decreased by approximately \$75,212. The decrease, which represents 9 percent, is primarily due to the decrease in capital grants and contributions and property tax revenues. In the year ended March 31, 2007 a capital grant of \$61,128 was recorded for new voting equipment. During the year, the millage rate was decreased by .05 mills.

Expenses increased by \$5,511 during the year.

A portion of Southfield Township's net assets \$306,258 (19 percent) reflects its investment in capital assets (land, building, machinery and equipment). The Township uses these assets to provide services to citizens; consequently, they are not available for future spending.

There is a third party restriction on net assets of \$53,752 (3 percent). The remaining balance of unrestricted net assets, \$1,295,801 (78 percent of net assets), may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, Southfield Township reports positive balances in all three categories of net assets, for the government as a whole, and for its separate governmental activities. The same situation held true for the prior fiscal year. The total governmental activities net assets increased by \$39,729 during the current fiscal year.

# **Southfield Township**

## **Management's Discussion and Analysis (Continued)**

### **The Township's Funds**

**Governmental Funds.** The focus of Southfield Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Southfield Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Southfield Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,202,992 while total fund balance for all governmental funds equaled \$1,339,460.

### **General Fund Budgetary Highlights**

General Fund expenditures before transfers out totaled \$668,593 approximately \$54,157 under the final budget. (The original budget was amended during the year.)

General Fund revenue was approximately \$58,000 over budget due to increased property tax values and interest earned.

### **Capital Assets**

Southfield Township's investment in capital assets for its governmental activities as of March 31, 2008 amounts to \$306,258 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. Additional information on Southfield Township's capital assets can be found in note 3.C of this report.

### **Economic Factors**

The unemployment rate for Oakland County is currently 6.6 percent. The current state average unemployment rate is 7.2 percent (March 2008). Nationwide, the national average rate is 5.0 percent (April 2008).

The total assessed and taxable value of property at March 31, 2008 in Southfield Township was \$1,437,770,600 and \$1,119,970,380 respectively.

Southfield Township has timely adopted a budget for the fiscal year ending March 31, 2009.

### **Requests for Information**

This financial report is designed to provide a general overview of Southfield Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Clerk, Southfield Township, 18550 West 13 Mile Road, Southfield Twp., Michigan 48025-5262.

## **Basic Financial Statements**

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## **Government-wide Financial Statements**

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# Southfield Township

## Statement of Net Assets March 31, 2008

	Governmental Activities
<hr/>	
<b>Assets</b>	
Cash and equivalents	\$ 167,626
Investments	1,183,550
Receivables:	
Property taxes	6,992
Due from other governments	34,253
Capital assets (net of accumulated depreciation)	306,258
	<hr/>
Total assets	1,698,679
<b>Liabilities</b>	
Accounts payable	28,729
Accrued liabilities	14,139
	<hr/>
Total liabilities	42,868
<b>Net Assets</b>	
Invested in capital assets	306,258
Restricted for:	
Metro authority	53,752
Unrestricted	1,295,801
	<hr/>
Total net assets	<u><u>\$ 1,655,811</u></u>

The Notes to Financial Statements are an Integral Part of this Statement.

# Southfield Township

## Statement of Activities Year Ended March 31, 2008

Functions\Programs	Program revenues		Net (Expense ) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Governmental Activities
<b>Primary Government</b>			
Governmental activities - General government	\$ 677,906	\$ 61,155	\$ (616,751)
Total governmental activities	677,906	61,155	(616,751)
General revenues:			
Property taxes			570,409
State shared revenue			1,816
Interest			84,255
Total general revenues			656,480
<b>Change in Net Assets</b>			39,729
<b>Net Assets - Beginning of year</b>			1,616,082
<b>Net Assets - End of year</b>			<b>\$ 1,655,811</b>

The Notes to Financial Statements are an Integral Part of this Statement.



## **Fund Financial Statements**

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# Southfield Township

## Governmental Funds Balance Sheet March 31, 2008

	General Fund	Nonmajor Funds	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 117,526	\$ 50,100	\$ 167,626
Investments	1,150,934	32,616	1,183,550
Receivable-property taxes	6,992	-	6,992
Due from other governments	34,253	-	34,253
Total asset:	<b>\$ 1,309,705</b>	<b>\$ 82,716</b>	<b>\$ 1,392,421</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 28,729	\$ -	\$ 28,729
Accrued liabilities	14,139	-	14,139
Deferred revenue	10,093	-	10,093
Total liabilities:	52,961	-	52,961
<b>Fund Balances</b>			
Reserved for:			
Metro authority	53,752	-	53,752
Unreserved, reported in:			
Special revenue funds	-	82,716	82,716
Unreserved:			
Designated for subsequent year's expenditures	149,000	-	149,000
Undesignated	1,053,992	-	1,053,992
Total fund balance:	1,256,744	82,716	1,339,460
Total liabilities and fund balance:	<b>\$ 1,309,705</b>	<b>\$ 82,716</b>	<b>\$ 1,392,421</b>

The Notes to Financial Statements are an Integral Part of this Statement.

# Southfield Township

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## Reconciliation of the Balance Sheet to the Statement of Net Assets March 31, 2008

Fund balances reported in governmental funds	\$ 1,339,460
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	306,258
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end	<u>10,093</u>
Net assets of governmental activities	<u><u>\$ 1,655,811</u></u>

# Southfield Township

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

### Year Ended March 31, 2008

	General Fund	Nonmajor Funds	Total
<b>Revenue</b>			
Property taxes	\$ 570,409	\$ -	\$ 570,409
Licenses and permits	4,971	-	4,971
Intergovernmental:			
State-shared revenues	1,816	-	1,816
Charges for services	42,926	-	42,926
Interest	80,353	3,902	84,255
Miscellaneous	3,165	-	3,165
	<hr/>	<hr/>	<hr/>
Total revenue	703,640	3,902	707,542
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Current:			
General government:			
Township Board	15,182	-	15,182
Supervisor	30,324	-	30,324
Elections	23,824	-	23,824
Assessor	114,279	-	114,279
Clerk	165,105	-	165,105
Treasurer	156,349	-	156,349
Township hall and grounds	17,957	-	17,957
Animal control	86,424	-	86,424
Other	59,149	27,574	86,723
	<hr/>	<hr/>	<hr/>
Total expenditure:	668,593	27,574	696,167
	<hr/>	<hr/>	<hr/>
<b>Excess of Revenue Over (Under) Expenditures</b>	35,047	(23,672)	11,375
	<hr/>	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	770	770
Transfers out	(770)	-	(770)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(770)	770	-
	<hr/>	<hr/>	<hr/>
<b>Net Change in Fund Balances</b>	34,277	(22,902)	11,375
	<hr/>	<hr/>	<hr/>
<b>Fund Balance - Beginning of year</b>	1,222,467	105,618	1,328,085
	<hr/>	<hr/>	<hr/>
<b>Fund Balance - End of year</b>	<b>\$ 1,256,744</b>	<b>\$ 82,716</b>	<b>\$ 1,339,460</b>
	<hr/>	<hr/>	<hr/>

The Notes to Financial Statements are an Integral Part of this Statement.

# Southfield Township

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## Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended March 31, 2008

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>11,375</b>
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Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures; however, in the  
statement of activities these costs are allocated over their estimated  
useful lives as depreciation:

Capital outlay	45,822
Depreciation expense	(27,561)

Revenues are recorded in the statement of activities when earned; they are not  
reported in the funds until collected or collectible within 60 days of year end

10,093
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**Change in Net Assets of Governmental Activities**

<b>\$</b>	<b>39,729</b>
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# Southfield Township

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## **Fiduciary Fund Statement of Fiduciary Net Assets March 31, 2008**

	Pension Trust Fund
<b>Assets</b>	
Investments:	
Mutual Funds	<u><u>\$ 253,979</u></u>
<b>Net Assets</b>	
Net Assets held in trust for pension benefits	<u><u>\$ 253,979</u></u>

The Notes to Financial Statements are an Integral Part of this Statement.

# Southfield Township

## Fiduciary Fund Statements of Changes in Fiduciary Net Assets Year Ended March 31, 2008

	Pension Trust Fund
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 1,293
Net decrease in fair value of investments	(11,631)
Net investment income	(10,338)
Contributions:	
Employer	16,912
Total additions	6,574
<b>Deductions</b>	
Trustee fees	3,221
Pension withdrawals	12,285
Total deductions	15,506
<b>Net Decrease in Net Assets Held in Trust for Pension</b>	(8,932)
<b>Net Assets Held in Trust for Pension Benefits</b>	
Beginning of year	262,911
End of year	<u><u>\$ 253,979</u></u>

The Notes to Financial Statements are an Integral Part of this Statement.

## **Notes to Financial Statements**

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### Note 1 - Summary of Significant Accounting Policies

The accounting policies of Southfield Township ("the Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Southfield Township.

#### A. Reporting Entity

Southfield Township is located in Oakland County and operates under an elected form of government.

Southfield Township does not have any component units.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as a separate column in the fund financial statements.

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Township reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Township reports the following fiduciary activities:

Pension Trust fund account for the activities to pay retirement benefits for Township retirees. This fund accumulates resources for pension benefits financed by employer contributions.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township Board will decide which source of funds to utilize.

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Township levies property taxes on December 1 each year. These taxes become liens on the property at that date. Township taxes are collected without penalty from December 1 through February 14 each year. Taxes are also collected for other entities (i.e., school districts) from July 1 through September 14, without penalty. The delinquent real property taxes of the Township are purchased by the County of Oakland. The delinquent personal property taxes of the Township are turned over to County of Oakland for collections and upon settlement, the county reimburses the Township. All real property taxes assessed, and personal property taxes collected, have been recognized as revenue for the current year. Uncollected personal property taxes have been shown as taxes receivable.

The 2007 taxable valuation of the Township totaled \$1,119,970,380 on which taxes levied consisted of .50 mills for operating purposes. This resulted in approximately \$560,000 for operating purposes. This amount is recognized in the General Fund as tax revenue.

#### D. Assets, Liabilities, and Net Assets or Equity

##### 1. Deposits

The Township's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

##### 2. Investments

Investments are stated at fair value. Certificates of deposit with a maturity date of greater than three months at time of purchase are recorded as investments on the financial statements.

##### 3. Receivables and payables

In general, outstanding balance between funds is reported as "due to/from other funds".

No allowance exists as management believes all receivables to be collectible.

##### 4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., drains and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities, and Net Assets or Equity (Continued)

##### 4. Capital assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39
Building improvement	15-30
Office equipment	5
Computer equipment	3-10

##### 5. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

##### 6. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

##### 7. Compensated absences

Vacation allowances are computed on a calendar year basis, beginning as of the employee's anniversary date. A regular employee who is separated from Township employment shall be entitled to pay for any unused portion of vacation allowance as of the date of separation. Annual vacation must be taken within one year from the date it was earned. There is no liability at year end for unpaid vacation since employees are not allowed to carry it over to the next year. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay any amounts when employees separate from service with the Township.

### **Note 2 - Stewardship, Compliance, and Accountability**

#### **Budgetary Information**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed operating budget at a public hearing in February for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund and Special Revenue Funds.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted on a departmental basis through passage of a resolution and in accordance with Public Act 621 of the State of Michigan.
4. The Supervisor is authorized to transfer budgeted amounts within departmental appropriation accounts. However, any revisions that alter the total expenditures of any department must be approved by the Township Board.
5. Formal budgetary integration is employed as a management-control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with generally accepted accounting principles.
6. Budget appropriations lapse at year end.
7. The original budget was amended during the year.

### **Note 3 - Detailed Notes on All Funds**

#### **A. Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

### Note 3 - Detailed Notes on All Funds (Continued)

#### A. Deposits and Investments (Continued)

The pension trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The Township has designated eight banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. Southfield Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, \$887,541 of investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

#### B. Receivables

Receivables as of year end for the Township's individual major fund and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities and fiduciary funds:

	<u>General Fund</u>
Receivables:	
Property taxes	\$ 6,992
Intergovernmental	34,253
Less: allowance for uncollectibles	<u>-</u>
Net total receivables	<u>\$ 41,245</u>

# Southfield Township

## Notes to Financial Statements March 31, 2008

### Note 3 - Detailed Notes on All Funds (Continued)

#### C. Capital Assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,350	\$ -	\$ -	\$ 6,350
Capital assets, being depreciated:				
Buildings	285,148	9,438	-	294,586
Improvements other than buildings	4,407	18,487	-	22,894
Machinery and equipment	250,614	17,897	21,179	247,332
Total capital assets being depreciated	540,169	45,822	21,179	564,812
Less accumulated depreciation for:				
Buildings	126,019	7,708	-	133,727
Improvements other than buildings	4,407	1,027	-	5,434
Machinery and equipment	128,096	18,826	21,179	125,743
Total accumulated depreciation	258,522	27,561	21,179	264,904
Total capital assets, being depreciated - Net	281,647	18,261	-	299,908
Governmental activities capital assets - Net	\$287,997	\$18,261	\$ -	\$306,258

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	<u>\$ 27,561</u>

#### D. Internal Receivables and Transfers

Interfund transfers reported in the fund statements are comprised of the following:

<u>Fund Providing Resource</u>		<u>Fund Receiving Resource</u>
General Fund	<u>\$ 770</u>	MESC Distribution

Transfers between funds were primarily for operating purposes.

### Note 3 - Detailed Notes on All Funds (Continued)

#### E. Sale of Delinquent Property Taxes:

The Township annually sells its delinquent real property taxes to the County, which then becomes responsible for collecting the taxes, and taking any uncollected tax parcels through the tax reversion process. The County purchases these taxes at 100 percent of face value, and in return the County is allowed to retain all interest and penalties it collects. The estimated present value of the future delinquent collections to the Township is less than the face value that has been received, because of the time value of money; however, the net present value to the County is greater than this amount, because of the statutory provision that allows the County to retain all penalties and interest. During the current year, the Township received \$24,205 from this sale. At the end of the tax reversion process (approximately 3 years), the County charges the Township back for any uncollected taxes. Historically, this amount has not been significant.

### Note 4 - Other Information

#### A. Deferred Compensation

The Township offers its employees one of two Deferred Compensation Plans in accordance with Internal Revenue Code Section 457. The plans, available to substantially all Township employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency.

The Township's plan administrators, ICMA and ING, hold the assets of the plans within trusts. As a result, the plans assets are not reflected on the financial statements since the Township has no fiduciary or administrative responsibility for these plans.

#### B. Retirement Plans and Other Post-employment Benefits

##### Retirement plan:

The Township provides pension benefits for all of its full-time employees, all permanent and part-time employees working 1,000 hours or more a year, through the John Hancock Life Insurance. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan provisions and contribution requirements were established through a resolution by the Board. The Township is required to contribute a fixed percentage (10 percent) of gross wages of the participants to the plan once they have been employed for 90 days.

The Township's contribution to the plan for the year was \$16,912. The total contributions currently administered by the Burnham & Flower Insurance Group/John Hancock Life Insurance are \$253,979. The current year covered payroll was \$156,158, and the Township's total payroll amounted to \$237,197.

##### Post employment benefits:

All eligible elected officials, full-time and permanent part-time employees who have retired and are eligible to obtain Medicare and have the equivalent of 12 years (23,400 hours) full-time service shall be provided with post employment benefits in the form of health care and dental benefits. Post-employment benefits are not provided if the employee is covered by insurance from some other source. The positions of Supervisor and Trustee shall be excluded from coverage.



### Note 4 - Other Information (Continued)

#### B. Retirement Plans and Other Post-employment Benefits (Continued)

##### Post employment benefits (continued):

These benefits are provided by contractual agreement and are paid by the General Fund. The Township funds these costs on a pay-as-you-go basis. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$1,238 during the year ended March 31, 2008. The total number of eligible retirees amounted to 2 individuals at March 31, 2008. By contractual agreements, the Township pays 100 percent of these costs. There are no provisions for employee contributions. Subsequent to year end the Township has transferred \$20,000 to Municipal Employees Retirement System of Michigan to commence funding of post employee benefits.

##### Upcoming reporting change:

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended March 31, 2010.

#### C. Commitments

The Township entered into a two-year contract with Oakland County Equalization Division for annual assessment of real and personal property through the 2008 tax year as required by laws of the State of Michigan. The Township will pay the County the sum of \$14.28 per year for a real property description and \$12.04 per year for a personal property description rendered during the life of the contract. Payment for each year of the contract is due by July 1 of the tax year. If the amounts under the contract are not paid, the County is entitled to reduce, set-off, and permanently retain any amount due from the Township from the delinquent tax revolving fund pay-out.

#### D. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has purchased commercial insurance for coverage of all claims except employee unemployment benefits. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Township pays unemployment claims on a reimbursement basis and has set money aside to pay these claims in the MESC Special Revenue Fund.

## **Required Supplementary Information**

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# Southfield Township

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2008

	Budget			Variance with Amended Budget
	Original	Amended	Actual	
<b>Revenue</b>				
Property taxes	\$ 559,260	\$ 559,260	\$ 570,409	\$ 11,149
Licenses and permits	5,000	5,000	4,971	(29)
Intergovernmental:				
State-shared revenues	1,000	1,000	1,816	816
Charges for services	40,150	40,150	42,926	2,776
Interest	40,000	40,000	80,353	40,353
Miscellaneous	200	200	3,165	2,965
<b>Total revenue</b>	<b>645,610</b>	<b>645,610</b>	<b>703,640</b>	<b>58,030</b>
<b>Expenditures</b>				
General government:				
Township Board	16,500	16,500	15,182	1,318
Supervisor	28,310	32,810	30,324	2,486
Elector	30,650	30,650	23,824	6,826
Assessor	121,000	121,000	114,279	6,721
Clerk	169,575	169,575	165,105	4,470
Treasurer	164,925	164,925	156,349	8,576
Township hall and grounds	24,500	24,500	17,957	6,543
Animal control	88,850	90,350	86,424	3,926
Other	78,440	72,440	59,149	13,291
<b>Total expenditure:</b>	<b>722,750</b>	<b>722,750</b>	<b>668,593</b>	<b>54,157</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(77,140)</b>	<b>(77,140)</b>	<b>35,047</b>	<b>112,187</b>
<b>Other Financing Uses</b>				
Transfers out	(900)	(900)	(770)	130
<b>Net Change in Fund Balances</b>	<b>(78,040)</b>	<b>(78,040)</b>	<b>34,277</b>	<b>112,317</b>
<b>Fund Balance - Beginning of year</b>	<b>1,222,467</b>	<b>1,222,467</b>	<b>1,222,467</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 1,144,427</b>	<b>\$ 1,144,427</b>	<b>\$ 1,256,744</b>	<b>\$ 112,317</b>

## **Combining Fund Statements**

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# Southfield Township

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds March 31, 2008

	Special Revenue Funds			Total Nonmajor Governmental Funds
	MESC Distribution	Capital Improvement	Capital Purchase	
<b>Assets</b>				
Cash and cash equivalents	\$ 50,100	\$ -	\$ -	\$ 50,100
Investments	-	7,374	25,242	32,616
	<b>\$ 50,100</b>	<b>\$ 7,374</b>	<b>\$ 25,242</b>	<b>\$ 82,716</b>
<b>Fund Balance</b>				
Unreserved	<b>\$ 50,100</b>	<b>\$ 7,374</b>	<b>\$ 25,242</b>	<b>\$ 82,716</b>

# Southfield Township

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds Year Ended March 31, 2008

	Special Revenue Funds			
	MESC Distribution	Capital Improvement	Capital Purchase	Total
<b>Revenue</b>				
Interest	\$ 2,148	\$ 656	\$ 1,098	\$ 3,902
<b>Expenditures</b>				
General government	-	27,574	-	27,574
<b>Excess of Revenues Over (Under) Expenditures</b>	2,148	(26,918)	1,098	(23,672)
<b>Other Financing Sources</b>				
Transfers in	770	-	-	770
<b>Net Change in Fund Balances</b>	2,918	(26,918)	1,098	(22,902)
<b>Fund Balances - Beginning of year</b>	47,182	34,292	24,144	105,618
<b>Fund Balances - End of year</b>	<b>\$ 50,100</b>	<b>\$ 7,374</b>	<b>\$ 25,242</b>	<b>\$ 82,716</b>

# Southfield Township

## Other Supplemental Information Budgetary Comparison Schedule - MESC Distribution Fund Year Ended March 31, 2008

		MESC Distribution		
		Budget		Variance
		Original	Amended	with Amended Budget
Revenue				
Interest		\$ 1,400	\$ 1,400	\$ 2,148
				\$ 748
Expenditures				
General government		2,170	2,170	-
				2,170
Excess of Revenues Over (Under) Expenditures		(770)	(770)	2,148
				2,918
Other Financing Sources				
Transfers in		770	770	770
				-
Net Change in Fund Balance		-	-	2,918
				2,918
Fund Balance - Beginning of year		47,182	47,182	47,182
				-
Fund Balance - End of year		\$ 47,182	\$ 47,182	\$ 50,100
				\$ 2,918

# Southfield Township

## Other Supplemental Information Budgetary Comparison Schedule - Capital Purchase Fund Year Ended March 31, 2008

	Capital Purchase			
	Budget		Actual	Variance with Amended Budget
	Original	Amended		
<b>Revenue</b>				
Interest	\$ 700	\$ 700	\$ 1,098	\$ 398
Capital purchase reserve	10,000	10,000	-	(10,000)
	10,700	10,700	1,098	(9,602)
<b>Expenditures</b>				
Capital outlay	10,700	10,700	-	10,700
<b>Excess of Revenue Over Expenditures</b>	-	-	1,098	1,098
<b>Net Change in Fund Balances</b>	-	-	1,098	1,098
<b>Fund Balance - Beginning of year</b>	24,144	24,144	24,144	-
<b>Fund Balance - End of year</b>	<b>\$ 24,144</b>	<b>\$ 24,144</b>	<b>\$ 25,242</b>	<b>\$ 1,098</b>



# Southfield Township

## Other Supplemental Information Budgetary Comparison Schedule - Capital Improvement Fund Year Ended March 31, 2008

	Capital Improvement			
	Budget			Variance with Amended Budget
	Original	Amended	Actual	
Revenue				
Interest	\$ 1,000	\$ 1,000	\$ 656	\$ (344)
Capital improvement reserve	-	-	-	-
	1,000	1,000	656	(344)
Expenditures				
Capital outlay	33,400	33,400	27,574	5,826
Excess of Revenues Over (Under) Expenditures	(32,400)	(32,400)	(26,918)	(5,482)
Fund Balance - Beginning of year	34,292	34,292	34,292	-
Fund Balance - End of year	\$ 1,892	\$ 1,892	\$ 7,374	\$ (5,482)

## Southfield Township

	Township Board	Supervisor	Elections	Assessor
Personnel services	\$ 4,200	\$ 26,277	\$ 10,908	\$ -
Overtime	638	-	1,340	-
Social Security	432	1,949	140	-
Hospitalization	-	-	-	-
Life and disability insurance	601	193	-	-
Retirement contribution	-	-	-	-
Longevity	-	-	-	-
Supplies	-	-	3,108	-
Audit	-	-	-	-
Telephone	-	294	-	-
Legal notices	2,573	-	518	261
Data processing	-	-	-	-
Miscellaneous	993	294	1,435	-
Insurance - other and reimbursements	-	-	-	-
Transportation	-	439	-	-
Custodian	-	-	3,530	-
Utilities	-	-	-	-
Repairs and maintenance	-	-	-	-
Heat	-	-	-	-
Purchases - building, vehicles and equipment	-	-	1,727	-
Veterinary services	-	-	-	-
Legal	-	-	-	12,187
Dues and memberships	5,745	150	-	-
Education	-	441	-	-
Postage	-	-	1,118	3,029
Board of review meals	-	287	-	-
Maintenance agreement	-	-	-	-
Tax appeals	-	-	-	(506)
Dog license notices	-	-	-	-
Property assessing and reappraisal	-	-	-	99,308
Metro Authority expense	-	-	-	-
Animal control contract services	-	-	-	-
Post retirement health care	-	-	-	-
Transfers out	-	-	-	-
	<b>\$ 15,182</b>	<b>\$ 30,324</b>	<b>\$ 23,824</b>	<b>\$ 114,279</b>

**Other Supplemental Information  
Schedule of Departmental Expenditures  
and Transfers Out - General Fund  
Year Ended March 31, 2008  
With Comparative Totals for March 31, 2007**

Clerk	Treasurer	Building and Grounds	Animal Control	Capital Outlay and Other	Totals	
					2008	2007
\$ 107,929	\$ 93,613	\$ -	\$ -	\$ -	\$ 242,927	\$ 241,484
-	-	-	-	-	1,978	2,775
8,200	7,081	-	-	-	17,802	18,244
24,376	20,922	-	-	-	45,298	53,533
1,209	1,190	-	-	-	3,193	3,343
9,958	7,080	-	-	-	17,038	17,169
2,400	800	-	-	-	3,200	3,100
1,455	3,125	-	101	-	7,789	8,995
4,000	5,500	-	-	-	9,500	7,095
1,322	1,963	-	-	-	3,579	4,510
257	130	-	-	-	3,739	2,798
-	255	-	-	-	255	256
161	3,102	-	181	-	6,166	6,107
-	-	-	-	11,034	11,034	10,875
1,030	674	-	-	-	2,143	2,158
-	-	3,360	-	-	6,890	8,392
-	-	2,973	-	-	2,973	3,052
-	-	6,368	-	-	6,368	4,981
-	-	1,118	-	-	1,118	963
988	2,278	-	-	19,078	24,071	7,277
-	-	-	2,428	-	2,428	3,083
-	-	-	-	9,037	21,224	14,284
340	345	-	-	-	6,580	6,463
480	3,291	-	-	-	4,212	3,914
1,000	5,000	-	868	-	11,015	13,078
-	-	-	-	-	287	300
-	-	4,138	-	-	4,138	3,287
-	-	-	-	-	(506)	-
-	-	-	896	-	896	995
-	-	-	-	-	99,308	99,223
-	-	-	-	-	-	10,896
-	-	-	81,950	-	81,950	78,750
-	-	-	-	20,000	20,000	-
257	513	-	-	-	770	5,771
<b>\$ 165,362</b>	<b>\$ 156,862</b>	<b>\$ 17,957</b>	<b>\$ 86,424</b>	<b>\$ 59,149</b>	<b>\$ 669,363</b>	<b>\$ 647,151</b>



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July 1, 2008

To the Board  
Southfield Township

We have audited the financial statements of Southfield Township for the year ended March 31, 2008, and have issued our report thereon dated July 1, 2008. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated March 10, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Southfield Township. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 14, 2008.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Southfield Township are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2008.

We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the estimate of capital asset lives.

Management's estimate of the lives is based upon the anticipated years the assets will be useful. We evaluated the key factors and assumptions used to develop the lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the custodial credit risk related to investments.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. There were two uncorrected misstatements identified during the audit. The misstatements were related to accrued interest on certificates of deposit held in the general fund of approximately \$5,000 and the outstanding tax appeal liability due to DTE Energy of approximately \$5,400. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated July 1, 2008.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

In the normal course of our professional association with the Township we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the organization, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the organization's auditors.

This information is intended solely for the use of the Board and management of Southfield Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**Plante & Moran, PLLC**

A handwritten signature in cursive script, reading "Peggy Haw Jury".

Peggy Haw Jury, CPA, CFE

To the Board  
Southfield Township

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July 1, 2008

Client: **Southfield Township**  
Opinion Unit **General Fund (Major Governmental Fund)**  
Y/E: **3/31/2008**

**SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS**

		Increases (Decreases)				
Ref. #	Description of Misstatement	Assets	Liabilities	Fund Balance	Revenue	Expenditures
<b>Known Misstatements:</b>						
A1	Accrued interest income	4,898			4,898	
A2						
<b>Estimate Adjustments:</b>						
B1						
B2						
<b>Implied Adjustments:</b>						
C1						
C2						
		-	-	-	-	-
	Combined Effect	4,898	-	-	4,898	-

We believe the unrecorded possible adjustments listed above are immaterial to the municipality's financial statements, both individually and in t

\_\_\_\_\_  
Sharon Tischler, Clerk

\_\_\_\_\_  
Janet Mooney, Treasurer

To the Board  
Southfield Township

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July 1, 2008

Client: **Southfield Township**  
Opinion Unit **Governmental Activities**  
Y/E: **3/31/2008**

**SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS**

		Increases (Decreases)				
Ref. #	Description of Misstatement	Assets	Liabilities	Net Assets	Revenue	Expenses
<b>Known Misstatements:</b>						
A1	Accrued interest income	4,898			4,898	
A2						
<b>Estimate Adjustments:</b>						
B1	Michigan Tax Tribunal Settlement for DTE		5,400			5,400
B2						
<b>Implied Adjustments:</b>						
C1						
C2						
		-	-	-	-	-
	Combined Effect	4,898	5,400	-	4,898	5,400